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Staff Study No. 16
Draft Outline
May 23, 1995

STAFF Drafting GroupEconomic Defense Policy ReviewU.S. Policies on Enforcement of Controls

(Section No. 8)

- I.** With respect to the enforcement of strategic trade controls, what policies should the U.S. pursue during the next foreseeable period?

I. Cocom Enforcement**A.** Present Control Agreements and Understandings (descriptive)

1. Primary controls over export of strategic goods

2. Ancillary controls

- a. ITC/DV System

- b. TAC Scheme

- c. Transactions and financial controls

- d. Voyage licensing controls

- e. Bunkering controls

3. Multilateral exchange of information on illegal E/W trade transactions

B. Evaluation of Effectiveness of above Control Agreements and Understandings**C.** Extension of Cocom Agreements and Understanding to Non-Cocom Countries**II.** U.S. Enforcement Measures Taken Only on Bilateral and/or Unilateral Basis**A.** U.S. Measures

1. Little Act termination of aid provisions (Title I and II)

2. Administrative Action Program

3. Compliance Proceedings - Department of Commerce

4. Foreign Assets Control

5. Controls over foreign sales of surplus strategic equipment - Department of Defense

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6. Diversion Control Net and related activities, including intelligence collection

7. Watch List and other commercial intelligence operations

8. Exchange of technical teams under Title III of Battle Act

9. Evaluation of Effectiveness of Above Enforcement Measures

III. Analysis of Problems and Deficiencies of Enforcement

A. Multilateral Enforcement Measures

1. Problem of maintaining enthusiasm for an effective implementation of the enforcement program

2. Problem of uniformity of controls

3. Problem of differential levels of control over trade with the Soviet Bloc in Europe and Communist China

4. Problems arising from inadequate legal bases for controls (control systems, penalties for violations, etc.)

B. U.S. Bilateral and/or Unilateral Enforcement Measures

1. Effect on EC's of U.S. efforts to supplement their implementation of international controls

a. Diversion Cases

b. Administrative Action

2. Expenditure of U.S. goodwill as result of U.S. pressure for effective implementation of the enforcement program

3. Problems arising from the enforcement of U.S. controls over non-I/L commodities

IV. Possible Future Courses of Action

(Assumption: Indefinite Continuation of Cold War)

1. Effect improvements in multilateral and unilateral enforcement measures

2. Improve intelligence collection and dissemination

3. Continue efforts to assist EC in cooperation and participate in enforcement measures

4. Encourage multilateral exchange of information and cooperation in handling illegal S/W ~~arms~~ transactions (including deemphasis U.S. police function)

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